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"REQUEST FOR PROPOSAL" (RFP)

Submitted to

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Institute of Governmental Studies
University of California
Berkeley 94720

For the

1976 "Request For Proposal" (RFP) Contest

Eco. growth S D
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(Economic analysis of the effects of growth.)

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CITY OF SAN DIEGO

FINANCIAL MANAGEMENT DEPARTMENT

REQUEST FOR PROPOSAL:

ECONOMIC ANALYSIS OF THE EFFECTS OF GROWTH

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July 6, 1976

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS

RESEARCH REPORT

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I. INTRODUCTION AND BACKGROUND

In order to formulate and implement a comprehensive growth management strategy, an economic analysis of growth alternatives is crucial. The purpose of this request for proposal is to procure contractual services to evaluate the major economic consequences of growth in terms of housing, commercial and industrial development, employment, income, transportation, open space, and energy consumption. The results of this evaluation will be a key input to decisions about growth policies.

Management of growth has been an issue of increasing concern to citizens of San Diego. The Mayor and City Council of San Diego have recognized that orderly growth based on a sound program is the only viable alternative for maintaining the quality of urban life. To address this concern, the Mayor and City Council authorized in 1974 a Growth Management Study to undertake the necessary planning studies and to determine the feasibility of implementing sequential growth management policies.

The goals of the Growth Management Study are: to develop a plan to insure that public facilities and services will be available concurrently with need; to more intensively develop and redevelop existing urbanized areas; and, to establish priorities for guiding future development of the City.

Comprising the Study are four main components: planning, legal, fiscal, and economic. The planning component will provide a physical development framework which will propose growth management policies and strategies. The preliminary growth management plan anticipates the division of the City into five planning areas, designated tiers: Tier I will consist of the downtown area of San Diego and surrounding mixed-use areas; Tier II of the older, existing developed areas of the City; Tier III of the areas of active development and urbanization; and Tier IV of the rural-agricultural areas beyond. Tier V will consist of areas unsuited for development for reasons of health, safety and welfare. Generally, the basic growth strategy will be to restrict growth in Tiers III and IV while encouraging development and redevelopment within Tiers I and II.

Based on the physical development framework being developed in the planning component, the legal component will determine the legal mechanisms and procedures necessary to implement a growth management plan. This component involves the review of State legislation and City planning and zoning practices in order to develop implementation tools. These tools will reflect a balanced utilization of regulatory, compensatory, and taxation techniques.

Since management of growth has critical fiscal implications, the fiscal

The first of the two main sections of the report is devoted to a general survey of the situation in the field of research on the development of the human brain. It is in this section that the author discusses the various methods and techniques used in the study of the brain, and the results of the research carried out in this field.

The second section of the report is devoted to a detailed study of the development of the human brain. It is in this section that the author discusses the various stages of brain development, and the factors which influence the rate and direction of this development.

The third section of the report is devoted to a study of the various factors which influence the development of the human brain. It is in this section that the author discusses the role of heredity, environment, and nutrition in the development of the brain.

The fourth section of the report is devoted to a study of the various methods and techniques used in the study of the brain. It is in this section that the author discusses the various methods and techniques used in the study of the brain, and the results of the research carried out in this field.

The fifth section of the report is devoted to a study of the various factors which influence the development of the human brain. It is in this section that the author discusses the role of heredity, environment, and nutrition in the development of the brain.

The sixth section of the report is devoted to a study of the various methods and techniques used in the study of the brain. It is in this section that the author discusses the various methods and techniques used in the study of the brain, and the results of the research carried out in this field.

component involves development of a fiscal analysis capability for assessing the impact of alternative growth patterns on public revenues and costs.

The economic component will address the economic effects of growth alternatives, and this RFP outlines the work to be undertaken in this area.

During November, 1976 a Growth Management report will be submitted to the Planning Commission and City Council. The report will summarize work that has been accomplished in the various components and present appropriate recommendations. This will lead to the selection and implementation of the preferred Growth Management Strategy and accompanying policies. Beyond November, work within the various components will continue. Based on the continuing studies, refinements will be made to Growth Management strategies and policies.

II. SCOPE OF WORK

The scope of work will encompass three self-contained studies to be conducted concurrently: 1) Housing and Land Market Analysis, 2) Employment and Income Effects, and 3) Economic Analysis of Environmental Considerations. Each study will address both the short and long-run economic impacts of at least two twenty-year growth alternatives. One alternative will be the growth pattern envisioned under the growth management strategy. A second alternative will be an existing trends scenario, or growth that would reasonably occur in the absence of such a strategy. For each alternative, a comparison will be made of the present versus future situation.

Prospective contractors may bid on one or more of the studies. In the event more than one contractor is employed, they will be required to coordinate their work and City staff will help to facilitate data exchange.

Nine months will be allowed for performance of the studies.

A. Housing and Land Market Analysis (Contract amount \$50,000)

This study will assess the supply and demand for housing and land prices under each scenario. The analysis will disaggregate price changes and changes in the housing stock by rental, owner occupied, single family, highrise, and multiple family units. The study will also differentiate impacts by geographical tier and selected community areas. Within this framework, the following issues should be addressed:

1. Housing Demand. What will be consumer demand for housing, taking into account population growth, increases in disposable family income, employment opportunities, new household formation rates, and other demographic characteristics? If housing demand differs under the two scenarios, the causal factors contributing to these differences should be fully explained.
2. Housing Production. What will be the supply of housing by type of dwelling unit under both scenarios? The analysis should focus on land costs, developable acreage, changes in real factor prices, and other key determinants of housing supply. To this end, a residential land use inventory and forecast should be compiled, identifying geographical location of developable acreage, parcel sizes, average lot size by type of dwelling unit, residential densities, and the size distribution of parcels, lots and units. A current land use inventory as well as a partial projection of future land use as envisioned under the growth management strategy are available in support of this effort.

This element should also address the extent to which the housing supply may induce or discourage in-migration of new residents.

3. Housing and Land Prices. Taking into consideration the supply and demand relationships estimated above, the price and rent distribution of housing units by type and size should be projected. In addition, average land prices for commercial and industrial developments should be estimated. Site improvement costs for alternative locations and differences in per unit construction costs should also be investigated and reflected in housing and commercial/industrial facility costs. Again, the results should differentiate effects between geographical tier and selected community areas. All price estimates should be in constant dollars, adjusted for changes in land prices and real construction costs.

This element should also examine and quantify to the extent possible opportunity costs and "windfall" gains of land owners who may reasonably experience a change in their development opportunities.

4. Housing Affordability. This element should compare the distribution of housing and rental prices with the distribution of personal family income. Housing expenditures as a percentage of family incomes for various income groups and family sizes should be determined as well.
5. Low and Moderate Income Housing. The impact of the City's proposed growth management strategy on the availability of low and moderate income housing should be addressed by this element. Specifically, the growth of low and moderate income housing should be projected and compared with population growth in these income categories. Housing and population projections should be disaggregated on a community area basis.

B. Employment and Income Effects (Contract amount \$20,000)

An analysis of the impact of the City's proposed growth management strategy on regional income and employment is required. Specifically, the consultant should evaluate the ramifications for income and employment levels in the region of shifting to a policy of "managing" growth. What will constraining existing growth trends "cost" in terms of income foregone and reductions in employment opportunities? Also, how will the impact on employment levels be divided by sector? In evaluating the different impacts of the "managed" and "existing trends" growth scenarios, the consultant should perform the following tasks:

1. A Regional Model. Utilizing an econometric model of the San Diego SMSA, simulate the impact of differing investment levels on aggregate regional income and employment over a twenty-year period. The analysis should be limited to investment directly affected by proposed land use policies, such as different levels of investment on housing, etc. Also, this impact on regional income should be disaggregated to the greatest extent possible, with particular emphasis on the construction industry.

2. Disaggregation of Employment. Disaggregate the twenty-year projections of employment generated by the regional econometric model. This should be accomplished by developing a constant coefficient model based on the composition of current regional employment. Particular emphasis should be placed on disaggregating employment in the construction industry.

3. Documentation. Produce documentation containing:

- a. Twenty-year simulations of regional income and employment.
- b. Disaggregation of the twenty-year employment simulations by sector.
- c. Data utilized in estimating the models, with sources.
- d. The form of both models, including the econometric model's statistical properties and estimation techniques.
- e. Regional multiplier estimates.
- f. The assumptions involved in generating twenty-year simulations.
- g. An analysis of the differing impacts on regional income and employment of the "present trends" and managed growth scenarios.
- h. A projection of income distribution, simulations of aggregate personal income described above, and relevant population projections.

C. Economic Analysis of Environmental Considerations (Contract amount \$30,000)

If implemented, the proposed growth management strategy would have a significant impact on existing land use patterns. It would encourage higher density in areas of the city which are currently developed, and discourage the degree of sprawl unconstrained market forces would produce. This will have a number of important environmental ramifications, and the consultant should evaluate these by performing the following tasks:

1. Transportation Costs and Energy Consumption. Differing land use patterns will result in different transportation patterns, and energy consumption requirements. The City Planning Department will provide twenty-year projections of population and land use (by sub-region) for both the "managed" and "present trends" growth scenarios. Based on these data, the consultant should perform the following:

- a. Using current average cost-per-mile data and the current levels of reliance on the automobile, project the net difference in total transportation costs and fuel consumption resulting from the two scenarios over a twenty-year period.
 - b. Using average pollutant emissions per mile data, project the net twenty-year difference in pollutants resulting from different levels of aggregate automobile travel calculated in (a) above.
 - c. Using current average energy consumption by type of dwelling unit, project the net twenty-year difference in the cost of residential energy consumption between the two scenarios.
2. The Value of Open Space. One of the most attractive features of the City of San Diego is the availability of relatively large areas of "open space". The central theme of the proposed growth management study is to preserve this park-like atmosphere, to the greatest extent possible, given projected population growth. That is, it proposes channeling population growth into areas which are already developed, via greater densification. By densifying developed areas, existing open space would not be depleted at the rate which would occur under "existing trends" growth alternative. To evaluate the environmental benefits accruing to the managed growth strategy, the consultant should:
 - a. Based on twenty-year land use and population projections provided by City Planning Department staff, estimate the value of the open space which would be available under the "managed growth" and "present trends" scenarios. The net difference in the amount of open space over a twenty-year period should be the focus of analysis. Rather than projecting the market value of the open space land in question, the contractor should estimate the "willingness" of individuals potentially benefiting from open space to pay for its continued existence. In estimating the value of open space, the contractor should use established techniques for evaluating environmental benefits. However, it is expected that an innovative theoretical approach will be developed which is specifically tailored to the question of open space valuation.
 - b. In analyzing benefits, the consultant should differentiate between "types" of open space, taking into account proximity to population centers, etc.
 - c. The consultant should address the irreplaceable nature of open space. That is, by expressing a willingness to "purchase" open space in the present, individuals are also purchasing an "option" to continue to purchase open space in the future. This consideration should be included in the contractor's analysis.

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- d. A document must be generated which summarizes and evaluates the results, clearly specifies the methodology and its theoretical basis, and contains all data used in the study with sources.

III. PROPOSAL CONTENT

In evaluating proposals, primary emphasis will be placed on the technical competence and coordinative ability of the contractor as demonstrated in the proposal. Proposals will be evaluated on the basis of criteria specifically developed to examine the technical competence and the suitability of prospective contractors. To warrant consideration, the contractor should demonstrate the following general qualifications:

1. Have adequate technical and financial resources for performing the scope of work, or have the ability to obtain such resources as required during performance.
2. Have the necessary experience, organization, and facilities, or have the ability to obtain them (including any subcontractor arrangements).
3. Have a satisfactory record of performance.
4. Be an Equal Opportunity Employer.

In addition to these criteria, proposals should contain the following components:

1. Study Plan. The study plan should consist of an overall statement of the proposal, including:
 - a. A description of the overall program of assistance being submitted, including an explanation of the basic proposal and general focus of the project.
 - b. A thorough explanation of the contractor's proposed course of action. Reference should be made to the scope of work of this RFP and an explanation given of precisely what the contractor proposes and how he intends to meet these requirements. If the contractor proposes major changes in the RFP approach, those changes should be specified clearly. The RFP is not intended to be inclusive.
2. Schedule and Costs. This section shall detail the scheduling of the various work items described in the study plan. It shall define both the total and detailed costs in effectuating the total study and its major products, including a budget indicating expenditures for personnel and materials for each work item. The contractor's costs, time schedule, and work allocation should be keyed to a completion date.
3. Technical Approach. The specific techniques which the proposer intends to pursue in conducting the project should be described. If

the proposer has detailed this information under particular work items in the study plan section, the technical approach section should serve as an amplification of those techniques. It is expected that the technical approach will entail an intensive coordinated effort by a team of experienced specialists. The proposal should describe in detail the methods that will be used to achieve the scope of work. It is critical that the proposed technical approach to each study of the scope of work be specified as clearly as possible. For example, will the Housing and Land Market Analysis be accomplished via a specific type of econometric model, market surveys, extrapolation, or other method?

4. Project Management. This section should include:
 - a. Identification of lead project director, and other supporting personnel contributing to the project.
 - b. A brief resume for each person shown on the chart, listing special qualifications applicable to performance of the project.
 - c. A statement of work days to be contributed by key personnel, and a summation of total work days to be provided by the contractor.
5. Subcontractors Contemplated. A list of subcontractors who will be hired, their specific responsibilities, personal resumes detailing their qualifications, tasks, schedule, and costs, etc., must be included here.
6. References. A list of from three to five former clients (include addresses and phone numbers) for whom the proposer has performed services similar to those described in this Request for Proposal should be included. Please include samples of previous reports on closely related projects, if available (one set only), and sample reports will be retained by the City of San Diego.
7. Affirmative Action Statement. The contractor must submit a statement of the firm's equal opportunity and affirmative action policies. In addition, the attached Affirmative Action forms must be filled out and attached to the contractor's proposal.

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